

Message Text

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17

ACTION OES-04

INFO OCT-01 EUR-12 ISO-00 ACDA-05 CIAE-00 INR-07 IO-10

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2745

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY ROME

AMEMBASSY BERN

USMISSION EC BRUSSELS

USMISSION NATO

C O N F I D E N T I A L PARIS 22601

E.O. 11652: GDS

TAGS: ENRG, TECH

SUBJECT: EUROPEAN NUCLEAR INDUSTRY: THE FRENCH ARE
COMING* THE FRENCH?

REF: ROME 12128

SUMMARY: EMBASSY SEES LITTLE BASIS TO THE FEARS OF CERTAIN ITALIAN OFFICIALS THAT THE FRENCH CAN EXERT HEGEMONY OVER OR EVEN STRONG LEADERSHIP AMONG THE CROWDED, HIGHLY COMPETITIVE EUROPEAN NUCLEAR INDUSTRIES--MUCH AS THEY WOULD LIKE TO. RECENT REORGANIZATION WAS MORE A DEFENSIVE REACTION AGAINST OVER-
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EXTENSION THAN THE BEGINNING OF A NUCLEAR OFFENSE IN

EUROPE. END SUMMARY.

1) THE FRENCH MAY BE AS THEY CLAIM, THE WORLD'S THIRD NUCLEAR POWER, BUT WE DO NOT FORESEE THEM IN A POSITION TO EXERT A NUCLEAR HEGEMONY OVER EUROPE PER REFTEL. THUS WE AGREE WITH EMBASSY ROME THAT THE ITALIANS ARE OVERDRAMATIZING THE SIGNIFICANCE OF THE FRENCH REORGANIZATION OF THEIR NUCLEAR INDUSTRY. RATHER THAN A FRENCH NUCLEAR BLITZ IN EUROPE, THE REORGANIZATION WAS MORE A RETRENCHMENT IN THE FACE OF DECLINING GROWTH RATES FOR ELECTRICITY. INDEED, IF THE DEMAND FOR ELECTRICAL POWER IN EUROPE REMAINS DEPRESSED, THE ENTIRE EUROPEAN NUCLEAR INDUSTRY MAY FACE HARD TIMES AHEAD, THUS DIMMING MARKET OPPORTUNITIES FOR THE FRENCH. WITH FIVE AVAILABLE TECHNOLOGIES FOR CONVENTIONAL NUCLEAR REACTORS (SGHWR, KWU, WESTINGHOUSE, GE, AND ASEA), THREE FAST BREEDER TECHNOLOGIES, TWO ENRICHMENT TECHNOLOGIES, THE OUTLOOK IN EUROPE IS FOR KEEN COMPETITION, PARTICULARLY BETWEEN GERMANY AND FRANCE.

2) FROM ROME, THE FRENCH NUCLEAR INDUSTRY MAY LOOM LARGE BECAUSE OF THE STRONG SUPPORT IT RECEIVES FROM THE ITALIANS. BESIDES THE BREDACGE LINK MENTIONED REFTEL, THE ITALIANS HAVE AGREED TO FINANCE OVER 20 PERCENT OF THE MULTI-BILLION DOLLAR EURODIF URANIUM ENRICHMENT PLANT AND A THIRD OF THE HALF-BILLION DOLLAR SUPERPHENIX FAST BREEDER POWER STATION, THE TWO MOST IMPORTANT NUCLEAR PROJECTS IN FRANCE. IN ANY CASE, FROM PARIS, THE GERMAN NUCLEAR INDUSTRY LOOKS LIKE A TOUGH COMPETITOR GIVEN ITS RECENT MULTI-BILLION DOLLAR SALE TO BRAZIL AND STEADY GROWTH OF R & D INVESTMENT.

3) THIS IS NOT MEANT TO PREJUDICE THE POSSIBILITY OF INCREASING US-ITALIAN NUCLEAR COOPERATION. INDEED THE U.S. MAY WISH TO COUNTERBALANCE THE GROWING FRENCH PRESENCE THUS PRESERVING OUR INFLUENCE AND AN OUTLET FOR OUR TECHNOLOGY.
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